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AGRICULTURE, DEPARTMENT OF

Proposed changes to the regulations governing the Food and Nutrition Service Summer Food Service Program for Children appear in the 2/20/76 Fed. Reg., p. 7772. These changes augment a previous proposal and deal with funding the administrative costs incurred. As a prerequisite for eligibility to receive such funds, States are required to provide "a plan for meeting (their) audit and monitoring responsibilities."

CIVIL AERONAUTICS BOARD

Finalized amendments to the uniform system of accounts for air freight forwarders appeared in the 2/24/76 Fed. Reg., p. 8028. The amendments generally reduce the accounting and reporting requirements for all forwarders, especially the smaller forwarders. The amendments were made effective 1/1/76 and the Board has deferred the due date for reports normally due 5/17/76 to 2/15/77.

COMMERCE, DEPARTMENT OF

Proposed revisions to the regulations concerning reports on foreign investment and international receipts and payments of royalties and fees appear in the 2/24/76 Fed. Reg., p. 8060. These reports, furnished to the Bureau of Economic Analysis, are used for various analytical documentation. Instructions on obtaining the various reporting formats are included with this notice of proposed rulemaking.

COMMODITY FUTURES TRADING COMMISSION

Proposed rules regarding regulation of commodity option transactions registration were published in the 2/20/76 Fed. Reg., p. 7774. The Commission is specifically requesting comments regarding what books and records should be required of dealers to maintain an assurance of proper internal control of financial operations. In addition, balance sheets audited by a CPA in accordance with GAAS are required. Comments are due by 3/31/76.

COST ACCOUNTING STANDARDS BOARD

The staff is circulating for comment a research paper to help determine the need for and feasibility of promulgating a standard dealing with accounting for insurance costs. It is part of a staff exploration of the basic issues relating to the treatment of insurance costs for contract costing purposes. Responses requested by April 16.

ELECTRONIC FUNDS TRANSFER COMMISSION

A public meeting of the Commission will be held in Washington 3/12/76. The discussion topics include development of an organizational structure; the establishment of a framework for a research program; and a preparation of a summary of the current status of EFTS. For more information contact Ms. Miller at 202/254-7400.

FEDERAL ENERGY ADMINISTRATION

Regulations modifying the State Energy Conservation Feasibility Report guidelines, particularly with respect to recordkeeping appear in the 2/26/76 Fed. Reg. at

p. 8335. Revised Section 420.2 provides that each recipient of federal financial assistance maintain records which fully disclose the amount and disposition by each recipient of the proceeds of such assistance, the total cost of the project or program for which such assistance was given or used, the source and amount of funds for such projects or programs not supplied by FEA and other records as determined necessary to facilitate an effective audit and performance evaluation. FMC 74-7 is incorporated by reference in these record-keeping requirements.

FEDERAL POWER COMMISSION

A new loose-leaf edition of the uniform system of accounts prescribed for natural gas companies is available. The new edition contains regulations in effect as of 5/29/74. Subscribers will receive all supplements incorporating amendments for an indefinite subscription period. The loose-leaf pamphlet is designed to fit a standard 6x9 inch, three-ring binder. Copies are available from the GPO (FPC A-121) at a subscription rate of \$12.60.

FEDERAL RESERVE BOARD

Hearings have been scheduled to begin 3/4/76 before the Financial Institutions Subcommittee of the House Banking Committee on the Financial Institutions Act of 1976 recently proposed by Reps. Reuss (D-WI) and St. Germain (D-RI). The legislation, which has not yet been formally introduced, would overhaul the bank regulatory structure and combine the duties of the Comptroller of the Currency and the FRB in a new five-member Federal Banking Commission. The FDIC would continue to regulate State nonmember banks and to insure virtually all banks.

In other legislative activity, the House Ways and Means Committee has approved legislation which would permit the stock of a bank or nonbank corporation to be distributed tax free to the company's shareholders. The bill (HR 11700) would also permit a company selling either its bank or nonbank properties to pay the tax on the gain in equal annual installments over a period beginning the year after the sale and ending in 1985 or sooner.

Finally, Sen. McIntyre (D-NH), Chairman of the Senate Banking Subcommittee on Financial Institutions, has announced a hearing to be held 3/10/76 on proposals contained in S.1475 dealing with the restructuring of the National Credit Union Administration. For additional information call 202/224-7391.

Proposed amendments to the reporting requirements for banks subject to Regulation F concerning securities have been announced (see 2/26/76 Fed. Reg., p. 8394). The changes, proposed jointly by the FRB and FDIC, were issued pursuant to the Depository Institutions Act of 1974 requiring the bank regulators to conform their securities regulations to those of the SEC. Under the proposal, the quarterly reporting form would be expanded to include a condensed balance sheet, a summary statement of changes in financial position, a narrative analysis of results of company operations, and inclusion of additional financial disclosure where appropriate.

A second proposed amendment would provide for accounting changes, including revised reporting treatment of the reserve for loan losses, and repositioning of subordinated debt, unearned income on loans, and direct loan financing. Comment on the FRB proposals are due by 3/23/76 and, on the FDIC proposals, 3/31/76.

For additional information call the FRB at 202/452-3885, or the FDIC at 202/389-4221.

HEALTH, EDUCATION, AND WELFARE, DEPARTMENT OF

\$543.3 million has been proposed in the Ford budget for the Health Resources Administration. This figure is based on the assumption of the adoption of a plan to fund health planning activities through block grants awarded to the States. It includes \$319 million for health manpower programs, \$90 million for health planning, and \$24 million each for health statistics activities and health services research.

HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF

Regulations under the low income public housing program, providing instructions concerning construction loans for housing for the elderly or handicapped, appear in the 2/25/76 Fed. Reg., beginning at p. 8514. The regulations describe the method by which an applicant would seek to obtain direct HUD loans for the construction or rehabilitation of proposed housing projects for the elderly or handicapped and explain the steps to be taken by the applicant as the request progresses. Section 885.420 - Loan Disbursement Procedures - provides that a borrower include in his cost certification a verification of the certificate of actual cost by an independent CPA or PA in a manner acceptable to the Assistant Secretary.

INTERSTATE COMMERCE COMMISSION

The GAO through its regulatory reports review process, is seeking comments on an ICC report (Form No. ACR-43), Carrier Classification Form, a new annual report applicable to various carrier classes experiencing a change in operating revenue for the preceeding years which would result in re-classification of the carrier from one class to another. Data are intended to eliminate undue delays in carrier reclassification and minimize accounting system implementation problems. For more information call Ms. Stuart at 202/376-5425.

LABOR, DEPARTMENT OF

Interpretive Bulletin 76-2, rescinding an earlier bulletin providing guidelines on seasonal industries with respect to pension reporting has been issued (2/20/76 Fed. Reg., p. 7749). IB 76-1 contained guidance for computing services to be credited to employees in seasonal industries and provided two tests to determine whether a pension plan covers employees in a seasonal industry. However, the Department has received comments suggesting that the guidance was confusing and contradictory to recommendations prepared by the Department's Advisory Council on Employee Welfare and Pension Benefit Plans.

Anyone interested in receiving one free copy of IB 76-2 should contact our Washington office prior to 3/10/76. Telephone requests are encouraged.

The procedures for conducting "Formal Performance Assessment of Prime Sponsors for Funding FY 1977 CETA Grants" has been published in the Fed. Reg. (2/20/76, p. 7832). The purpose is to inform all interested parties of these implementing procedures. There is a statutory requirement that current CETA grant recipients be evaluated prior to the approval of new fiscal year grants. Part 3 of the assessment guidelines concerns the financial reporting system of the prime sponsor.

OFFICE OF MANAGEMENT AND BUDGET

A major procurement bill (S.3005) has been introduced by Sen. Chiles (D-FL), Chairman of the Senate Subcommittee on Federal Spending Practices, Efficiency and Open Government. The bill provides, in part, for the use of competitive negotiation in the procurement of professional services by the Federal Government. The Senator notes that his bill has been drafted to include many of the recommendations of the Procurement Commission. Hearings on this legislation are expected to begin this fall. Sen. Chiles' introductory remarks and a reprint of the bill appear in the 2/19/76 Cong. Record, p. S1936.

SECURITIES AND EXCHANGE COMMISSION

The first meeting of the SEC Advisory Committee on Corporate Disclosure was held 2/24/76. A report was delivered on the SEC's response to President Ford's request to the regulatory agencies to seek ways in which to limit the impact of regulation on the private sector. There was a discussion of corporate disclosure with reference to the Trueblood report and the FASB's current study thereof. The committee expects to hold one-day hearings approximately once a month; the next one is scheduled for early April. Two new members were added to the Commission. They are: Harold Williams, Dean of the UCLA School of Graduate Management, and Alan Levenson, formerly SEC Director, Division of Corporation Finance.

The initial phase of hearings before the Senate Securities Subcommittee on the legislation to require greater disclosure and regulation of municipal securities has concluded. In general, there was considerable support for the Williams proposal (S.2969) which provides for added disclosure in accordance with uniform accounting guidelines to be developed under the SEC's leadership. Sen. Eagleton's bill (S. 2574), which would remove the present exemption for municipal securities registration in the '33 and '34 Securities Acts, did not receive strong backing. The witnesses generally agreed that the Williams approach was a workable one, balancing the competing interests of cost against added investor protection. Several of the witnesses strongly endorsed the provision in S.2969 requiring audits by CPAs of the financial statements being prepared by the municipalities.

TRANSPORTATION, DEPARTMENT OF

The Federal Aviation Administration is seeking to engage CPAs to provide on-site audits and surveys of grantees' operations under the Airport and Airway Development Act of 1970. Three indefinite quantity-type contracts will be awarded for each of the 10 FAA coterminous regions. The RFP will be available on or about 3/10/76. For more information, write the FAA Procurement Information Office (ALG 380), 800 Independence Ave., SW, Room 408, Washington, D.C. 20391. Reference RFP LGS 6-0072.

TREASURY, DEPARTMENT OF

The Twenty-Sixth Annual Report of the Senate Select Committee on Small Business is now available. The report details the activities of the Committee during FY 75, noting the Committee's activities in the areas of taxation, financing, paperwork burden, and related issues affecting small businesses. A limited number of copies of the 500-page report (S94-636) are available from the Committee by calling 202/224-5175.

The Treasury Department has announced that it intends to establish an Advisory Committee on Federal Consolidated Financial Statements. The announcement of the estab-

lishment of the Committee follows Secretary Simon's recent proposal to develop and publish consolidated financial statements for the government on an accrual basis. The Advisory Committee, consisting of prominent individuals from the business and academic community and administrators of federal, state or local governments, will advise the Secretary in the development of the consolidated financial statements. A notice of the intent to establish the Committee and a request for comments relative to the announcement by 3/9/76 appeared in the 2/20/76 Fed. Reg., p. 7794.

The IRS has indefinitely postponed issuing advance rulings or determination letters on the nonrecognition of gain in connection with the swap of securities for an interest in an investment partnership. In TIR 1445, the IRS noted that the suspension will remain in effect "pending definitive action" on HR11920, introduced by House Ways and Means Chairman Ullman (D-OR), which would subject any gain realized on a stock transfer to a fund after 2/17/76 to taxation. The Ullman legislation would also make mergers of two investment companies taxable.

Public hearings on proposed recommendations on federal tax return confidentiality will be conducted by the Privacy Protection Study Commission on 3/11 and 3/12/76 in the Rayburn House Office Building. Parties interested in testifying should advise the Commission no later than 3/3/76. For additional information call 202/634-1477.

Public hearings to examine procedures and practices of the IRS and its taxpayer services have been announced by Sen. Montoya (D-NM), Chairman of the Appropriations Committee on Treasury, Postal Service and General Government. New York City, Chicago, Oklahoma City and San Francisco have been tentatively selected as the cities for the April hearings and firm dates and locations are expected to be announced shortly. The hearings are designed to solicit public comments from around the country on specific taxpayer problems and to receive suggestions on improvements in the tax collection procedures.

For further information please contact:
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